



Missouri Department of Revenue

Tax Bulletin

Volume 6, No. 2

Summer 1997



'Directly' Speaking . . .

I hope that all of you enjoyed successful busy seasons. As always, I appreciate the comments and suggestions that many of you have shared with the Department. Your valuable input enables us to continuously improve our processes and our systems to better serve you and your clients.

Busy Season Update. Busy season at the Department went very smoothly again this year. On May 14, the Central Processing Bureau completed the processing of approximately 2.3 million Missouri individual income tax returns that were timely filed by April 15.

The Department's data entry section marked the processing of its last "wagon-load" of returns during the week of June 2, leaving only the late-filed returns to be processed the following week. The total number of individual income tax returns we received this year was up 2 percent over last year.


Electronic Filing Programs. The electronic filing of individual income tax returns continued to be a very popular filing method this year. We received 184,742 electronic returns this year, up nearly 30 percent over last year. With the exception of an unfortunate incident in which a backhoe cut through a vital telephone cable in the middle of April, Telefile was a successful program in 1997. In our first year of accepting Telefile returns, we are very pleased to report that 50,197 returns were filed by this method. Many Missouri taxpayers

also used the Telefile line to electronically file for an extension of time to file. We will continue to develop and expand these programs. I hope you will send us your comments and suggestions about how you and your clients liked these programs and how we can improve them to provide better customer service.

Refund Inquiry Line. The toll-free refund line is still very popular. Callers are able to access a live operator during normal business hours at the Department, but most opt for the automated service that informs them of the expected mailing dates for their refund checks. The service is available 24 hours a day and many callers are taking advantage of the round-the-clock service.

Internet & Computer Bulletin Board. Both the Department's website and the Division of Taxation and Collection's computer bulletin board are receiving excellent usage. Many taxpayers utilized both services to access information, ask questions and download needed tax forms. You can reach the bulletin board at (573) 751-7846 from your personal computer. The World Wide Web address for the Department home page is <http://www.state.mo.us/dor>.

The Department continues to develop these and other services for Missouri taxpayers. Thank you for your continued support.


Director of Revenue

New Partial Sales Tax Exemption For Food

by Pat Gifford, Manager,
Tax Administration Bureau, (573) 751-2008

The Missouri General Assembly recently approved a partial sales tax exemption for certain food items. House Bill 491 eliminates the 3% General Revenue sales tax charged on food products for which food stamps may be redeemed, including certain food dispensed by vending machines. Effective October 1, 1997, all sales of qualifying food items will be exempt from the 3% General Revenue portion of the state sales tax if sold by a business that can qualify to accept food stamps. The remaining 1.225% state sales tax, plus any applicable local sales taxes, will still apply to food sales.

Based on registration information, the Department has identified businesses that may qualify for the reduced rate. The Department will send letters to these businesses advising them of the change and showing them an example of the new return format. All other businesses will be sent a letter asking if they qualify for the reduced rate. The Department will modify any accounts returning the mailout, if

see *Sales Tax Exemption* page 2

In this issue

- Missouri Voluntary Disclosure Program 2
- Legislative Update 2
- Partner & S Corporation Revisions 3
- Court Cases 4-5
- Letter Rulings 5
- What to Do If You Receive A Notice 6
- Form MO W-4 Revised 6

Missouri Voluntary Disclosure Program

by Diane Luebbering, Manger, Tax Administration Bureau, (573) 751-3804

The Department assists companies and individuals in resolving potential Missouri sales/use, corporate income and employer withholding tax liabilities. The voluntary disclosure program allows companies and individuals to approach the Department anonymously through a representative or otherwise, to resolve liabilities resulting from taxable activities.

To request a voluntary disclosure agreement, please send a letter detailing the following information:

1. A brief description of the individual's or company's business, including the number of years of activity in Missouri;
2. The facts giving rise to the request for voluntary disclosure;
3. If the taxpayer is registered for any tax type with the state of Missouri;

4. The nature and extent of operations in Missouri including whether the company or individual owns or leases property, engages employees, or has had other potential nexus-creating activities;

5. Whether the company or individual has been contacted by the Department or the Multistate Tax Commission regarding its Missouri tax liability; and

6. Proposed settlement terms.

The name of the company or individual does not need to be disclosed until the agreement is finalized. Upon receipt, the Department will review the facts presented and prepare a draft agreement for review. Please send requests to: Tax Administration Bureau, Nexus Section, P.O. Box 295, Jefferson City, MO 65105-0295, Phone: (573) 751-8612.

Sales Tax Exemption

from page 1

needed, so an additional line can be added to the sales tax return for each account claiming the exemption.

To help businesses determine if they qualify for the reduced rate, the Department has compiled a list based on information from the United States Department of Agriculture and its food stamp program and will mail it to all sales/use tax accounts. If anyone has questions concerning the treatment of a particular food item, or a qualifying business, please contact the Sales/Use Tax Technical Support Section at P.O. Box 840, Jefferson City, MO 65105-0840, phone (573) 751-2836; or P.O. Box 629, Jefferson City, MO 65105-0629, phone (573) 751-2008.

Also included in the law is a method for retailers to recover some costs involved in the implementation of the partial food exemption. Retailers may apply to the Department for a 3% refund of all state and local sales and use taxes paid on food items. This refund provision expires on 9/30/99.

Legislative Update

by Vickie Wood, Office of Legislation and Regulations, (573) 751-2110

The General Assembly approved 16 bills relating to taxation during the past legislative session. A synopsis of each measure is provided below. Please note the bills signed by the Governor at the time of publication are indicated in the synopsis.

HB 229 – Extends the expiration date of the St. Louis Transportation Sales Tax from 12/31/97 to 12/31/99. It also removes restrictions on the use of the proceeds of the tax. Signed 6/03/97.

HB 394 – Exempts from sales and use taxes the transfer of motor vehicles,

trailers, boats and outboard motors occurring between divisions of a corporation licensed as a motor vehicle or boat dealer. The bill also allows persons with plates issued by the State of Missouri prior to 1979, in which the year of issuance is consistent with the year of manufacture of the vehicle, to register the plate as a personalized plate.

HB 472 – Makes numerous changes to the regulation of transient employers and employment security laws. All transient employers or contractors hiring transient employers as subcontractors, with construction projects in Missouri requiring a building permit, must show proof that a bond or irrevocable letter of credit is on file with the Department of Revenue (DOR) and have a tax clearance issued by the DOR. DOR must seek a court order to halt all construction if the above

proof is not shown. A contractor is allowed to withhold payments to a subcontractor to cover any moneys owed the DOR.

HB 491 – Reduces the sales tax rate on food by the 3% state General Revenue portion, effective 10/1/97. Vending machine food sales are also included. Retailers are entitled to a refund of 3% of all state and local sales taxes collected between 10/1/97 and 9/30/98. The refunds are to be paid from an appropriated account and all claims must be submitted prior to 9/30/99.

The bill also contains a credit to donors to domestic violence shelters and maternity homes for tax years beginning in 1998, a phased-in exemption for private pension income (\$1,000 in 1998, in \$3,000 in 1999, \$4,000 in 2000, \$5,000

see Update page 3



Missouri Department of Revenue

Mel Carnahan, Governor; **Janette M. Lohman**, Director of Revenue; **Robert G. Schemenauer**, Director, Division of Taxation and Collection

Tax Bulletin is published three times a year by the Missouri Department of Revenue, Linda Bushman, Editor; Rob Davis, Printing Services Coordinator;

Mitzi Crump, Senior Publications Specialist. Comments and suggestions should be sent to Missouri Department of Revenue, 301 W. High St., P.O. Box 629, Jefferson City, Missouri 65105-0629, or you may submit E-mail to rdavis@mail.state.mo.us

Update

from page 2

in 2001, \$6,000 in 2002 and thereafter), and a sales tax exemption for medical oxygen. Signed 6/05/97.

HB 578 – Changes the Missouri low-income housing credit that a taxpayer may receive. The credit can now be up to 100% of the federal low-income housing credit.

SB 170 – Makes numerous changes to the Limited Liability Companies laws. Allows income tax filing options to shareholders and partners of S corporations and partnerships that file composite income tax returns. Signed 5/20/97.

SB 21 – Allows local governments, with voter approval, to impose sales taxes for economic development in areas that previously were unable to adopt such a tax. A new local sales tax is authorized for St. Louis City for the purpose of providing medical care to individuals and families that do not have employer-sponsored health insurance, coverage under Medicaid or Medicare programs or income levels sufficient to purchase adequate health insurance coverage. Museum districts may be established and a sales tax is authorized for the districts, to be collected by the districts. Stone and Taney counties are allowed to impose a locally collected sales tax in all or a portion of their counties to fund tourism promotion. Municipalities may establish Community Improvement Districts and levy special assessments, business license taxes or property taxes to fund the districts.

An additional local sales tax is authorized for fire protection districts in Jackson County and Clay County and the Smithville Area Fire Protection District. This tax would be collected by the DOR. The boundaries of the district do not necessarily follow city and/or county boundaries. These taxes would be effective immediately upon adoption of the tax by voters.

SB 59 – Allows a sales tax exemption for the transfer of motor vehicles, trailers, boats and outboard motors between divisions of a leasing company that is also registered as a motor vehicle or boat dealer and establishes a special license

plate for active members and alumni of the Missouri Jaycees.

SB 89 – Allows most counties in the state to impose a local law enforcement sales tax and use the proceeds for the benefit of regional jail districts, upon local voter approval.

SB 155 – Allows the cities of Bowling Green and St. Peters to adopt a tourism tax for the purpose of funding a convention and visitors bureau. The tax is allowed at a rate not to exceed 5% of the amount charged for sleeping rooms at hotels or motels located within the cities. This financing option is currently available to many other cities and counties. The tax is collected locally unless an agreement is established with the DOR to collect the tax. Signed 6/03/97.

SB 212 – Extends the expiration date of the Kansas City Transportation Sales Tax from 12/31/97 to 12/31/99. Signed 6/03/97.

SB 218 – The portion of this bill that affects the DOR allows most counties in the state to impose a local law enforcement sales tax and use the proceeds for the benefit of regional jail districts, upon local voter approval.

SB 303 – Removes the DOR from responsibility for collection, administration and enforcement of transportation development district sales taxes. The districts will be responsible for collection of the tax internally. Districts that are not full cities or counties may now impose the tax. Signed 6/25/97.

SB 316 – Allows county collectors in Jackson, Clay and Boone counties to render null and void property tax receipts when the taxes have been paid with a bad check and allows a bad check penalty to be assessed. Persons notifying the Jackson County Collector that their motor vehicle registration expires in January would receive priority processing of tax receipts and certified statements. Residents of Jackson County purchasing a motor vehicle in December and registering the vehicle in January would be able to show the personal property tax receipt from the prior year as proof of payment. A sales/use tax exemption for transfers of titled property between divisions of certain corporations is also included.

Partner and S Corporation Revisions

by Diane Luebbering, Manger, Tax Administration Bureau, (573) 751-3804

Senate Bill 170 allows nonresident partners or S corporation shareholders to be included in a composite return regardless of another interest in a partnership or S corporation.

It also allows a partnership or S corporation to be exempt from the withholding requirements provided in Section 143.411, RSMo if the partnership or S corporation files an agreement with the Department through which the nonresident partner or shareholder agrees to:

1. File a return, in accordance with Section 143.481, RSMo and to make timely payment of all taxes imposed on the partner or S corporation shareholder by the state with respect to the income of the partnership or S corporation; and

2. Be subject to personal jurisdiction in this state for purposes of the collection of income taxes, together with related interest and penalties, imposed on the partner or S corporation shareholder by this state with respect to the income of the partnership or S corporation.

For each subsequent year after the initial agreement year, if the partners or S corporation shareholders who were originally part of the agreement change, a new agreement must be filed.

The agreement will be considered timely filed for a taxable year and for all subsequent taxable years if it is filed on or before the time the annual return for such taxable year is required to be filed pursuant to Section 143.511, RSMo.

Any questions pertaining to the filing requirements of nonresident partners or S corporation shareholders should be referred to the Tax Administration Bureau at (573) 751-1467 or to request an agreement form call (800) 877-6881.

Court Cases

by General Counsel's Office, (573) 751-2633

Sales Tax

Blevins Asphalt Construction Company v. Director of Revenue, Case No. 79000 (Mo banc 1997).

Blevins Asphalt Construction Company (Taxpayer) appealed the decision of the Administrative Hearing Commission (AHC) finding that the materials and ingredients used in its paving products were not exempt from sales and use tax under Section 144.030.2(5), RSMo.

Taxpayer operated as a dual operator; it manufactured asphalt paving products. Some of the asphalt was sold at retail without installation to customers. Some of the customers included political subdivisions of other states. Taxpayer also contracted for the delivery and installation of asphalt using its own workers and machinery.

The Supreme Court (Court) affirmed the decision of the AHC finding in favor of the Director on all issues. The Court noted that the record contained neither the out-of-state political subdivi-

sions exemption certificates nor any of its language. Taxpayer did not provide sufficient evidence that it had any basis for a good faith belief in a Missouri exemption.

The Court also found that Taxpayer had sold the asphalt applied, and thus title did not pass until the asphalt was installed as part of the real property. Taxpayer created an improvement to real property and not new personal property intended to be sold ultimately for final use or consumption as required by the component part exemption of Section 144.030.2(2), RSMo. The finding that many of Taxpayer's customers were tax-exempt entities did not negate Taxpayer's liability, as the Taxpayer's purchases were assessed, and not its sales.

The Court also found that the equipment was not used in any way for the asphalt sold without installation. As for the installed asphalt, the asphalt was not a product which is intended to be sold ultimately for final consumption as required under Section 144.030.2(5), RSMo because it was the Taxpayer who used and consumed the product in fulfillment of its construction contracts.

Sales Tax

Monark Egg Corporation v. Director of Revenue, Case No. 96-001081RV (AHC, 1997).

Monark Egg Corporation (Taxpayer) was engaged in the business of selling powdered egg contents. It purchased liquid egg contents from companies who removed the shells from chicken eggs, separated the yolks from the whites and stored the liquids until sold. The Taxpayer purchased natural gas from non-Missouri vendors to be used for drying the egg contents. Taxpayer did not pay Missouri use tax on its purchases of the gas.

The Taxpayer paid the taxes under protest and appealed the denial of the protest to the Administrative Hearing Commission (AHC) on two grounds: (1) the imposition of the taxes was unconstitutional, and (2)

Section 144.030.2(22), RSMo, provided an exemption from the imposition of Missouri sales/use taxes on the purchase of all sales of natural gas used exclusively for drying agricultural crops and Taxpayer was drying agricultural products: eggs.

The AHC found that the parties were wrong to conclude that an egg is an agricultural crop. It found the egg to be an agricultural commodity; something that is statutorily different from an agricultural crop, which the AHC reasoned the legislature intended to be defined as a grain-type product. The AHC further found that even if an egg is an agricultural crop under the statute, what the Taxpayer purchased and dried was far removed from the original egg. It concluded that the Taxpayer was drying egg contents, and not the egg as produced by the poultry.

Sales Tax

International Business Machines Corporation v. Director of Revenue, Case No. 95-001260RV, (AHC, 1/23/97).

International Business Machines Corporation (Taxpayer) was engaged in the business of selling computer hardware and equipment. The Taxpayer sold some of this equipment to DST Systems, Inc. (DST). Pursuant to a request from DST, the Taxpayer filed an application for a refund of sales taxes it collected from DST and paid to the Department of Revenue. The basis for the refund application was DST's contention that the purchase of the equipment was exempt under Section 144.030.2(5), RSMo (Plant expansion). The Department denied the refund request.

The Taxpayer (on behalf of DST) filed an appeal before the Administrative Hearing Commission (AHC). Taxpayer argued that the purchases were exempt because under the Missouri Supreme Court (Court) decision in the case of *Bridge Data Co. v. Director of Revenue*, 794 S.W.2d 204 (Mo. banc 1990), DST was a manufacturer and the equipment was used to expand DST's manufacturing capacity.

The AHC rejected the Taxpayer's argument that DST was manufacturing a product. Instead, the AHC found that DST was rendering several different services. Under *GTE Automatic Electric v. Director of Revenue*, 780 S.W.2d 49 (Mo. banc 1989), DST was not engaged in manufacturing. Since DST was not engaged in manufacturing, it could not claim the benefit of the manufacturing exemption.

Sales Tax

Sports Unlimited, Inc. v. Director of Revenue, Case No. 95-001997RV (AHC, 4/14/97).

Sports Unlimited, Inc. (Taxpayer) sold gymnasium floors and racquetball and squash courts to Missouri customers. In most instances, Taxpayer also installed the floors and courts. The Director assessed Taxpayer use tax, interest and additions on its purchases of materials used in installing floors and courts. Taxpayer argued that the trans-

see *Sales Tax – Sports* page 5

Sales Tax – Sports

from page 4

actions were not subject to tax because the floors and courts were installed for exempt entities who paid for the materials and installation with their own funds. The Administrative Hearing Commission (AHC) held Taxpayer liable for use tax, interest and additions.

The AHC determined that materials are exempt from tax under Section 144.062, RSMo if:

- 1) the exempt entity purchases the materials; and
- 2) the materials are directly billed to the exempt entity; and

3) the materials are paid for by the exempt entity.

Two of the many transactions at issue met the above-stated requirements and were exempt from tax. All of the other transactions were subject to tax because Taxpayer was found to be the purchaser. In some of the taxable transactions, Taxpayer billed the exempt entities and the exempt entities paid Taxpayer for the materials. Other transactions were subject to tax because, although the exempt entities directly paid the suppliers, Taxpayer was billed for the materials by the suppliers.

Sales Tax

Kwik Shop Motels, Inc. v. Director of Revenue, Case No. 95-002213RV (AHC, 01/22/97).

The Director assessed use tax and interest on Kwik Shops, Inc. (Taxpayer) purchases of lamps, headboards and a sign. The lamps and headboards were permanently attached to the motel room walls and the sign was permanently planted in the ground. Taxpayer argued that the assessed items were purchased as real property and were not subject to tax. Alternatively, Taxpayer argued the assessments were beyond the statute of limitations under Section 144.220, RSMo, and not valid.

The Administrative Hearing Commission (AHC) found that Taxpayer

purchased and obtained title to the headboards, lamps and sign before they were affixed to the real property. Thus, Taxpayer's purchases of the headboards, lamps and sign were transactions subject to use tax as purchases of tangible personal property.

Taxpayer, in relying only on advice from its accountant, failed to file use tax returns concerning its purchases of the headboards, lamps and sign. The AHC concluded that when taxability is in doubt, the Taxpayer should report transactions and not rely on its paid advisors. Consequently, the AHC found the Director's assessments were not time barred because Taxpayer had neglected to file the required use tax returns.

Individual Income Tax

Craig T. Paulson v. Director of Revenue, Case No. 96-001560RI (AHC, 4/24/97).

The question in this case was whether Craig T. Paulson (Taxpayer) was a resident of Missouri and subject to Missouri individual income tax for 1994. Taxpayer was stationed at Whiteman Air Force Base from 1985 to 1989, when Taxpayer was transferred to a base in Colorado. Subsequently, Taxpayer was transferred to Eielson Air Force Base, Alaska. In June of 1994, Taxpayer's spouse moved back to Holden, Missouri, rented an apartment and enrolled the Taxpayer's minor children in school. Taxpayer remained in Alaska and spent his leave time, which exceeded thirty days, staying with his family in Holden, Missouri.

The Administrative Hearing Commission (AHC) held that Taxpayer was a Missouri domiciliary for all of 1994. Taxpayer had not shown he established a new domicile since moving to Missouri in 1985. Since Taxpayer was a Missouri domiciliary and he spent more than thirty days in Missouri, the AHC held Taxpayer was a resident and subject to tax on all his income.

Letter Rulings

by General Counsel's Office, (573) 751-2633

The following is a list of the letter rulings issued during the period of January 1997 to April 30, 1997.

| | | | |
|-------|---------------------|-------|------------------------------------|
| L9512 | Saw Mills | L9544 | Termination Pay |
| L9439 | Dialysis Services | L9493 | Medical Equipment |
| L9489 | Internet | L9538 | Vehicle Collision Repairs |
| L9488 | Bridge Construction | L9606 | Separate Books |
| L9492 | Retail Shop | L9661 | Maintenance Contracts on Equipment |
| L9442 | Retainer Fees | L9583 | Vending Machine Receipts |
| L9495 | Management Service | L9653 | Plant Expansion |

Copies of the sanitized version of these letter rulings are available at a cost of \$1.10 plus sales tax of 6.225% each by writing to the Department of Revenue, General Counsel's Office, P.O. Box 475, Jefferson City, MO 65105-0475. Copies may also be obtained from the Department's Bulletin Board System (573) 751-7846 or its Internet Web Page (<http://www.state.mo.us/dor/tax>).

What To Do If You Receive A Notice

by Charles Franklin, Bureau Administrator, Collections Bureau, (573) 751-2578

The Department processes 2.4 million individual income tax returns annually. Most tax returns are processed as filed. However, about 8 percent will generate an underpayment notice.

First Notice

Approximately 200,000 personal income tax returns will require adjustment. Most errors are calculation mistakes, missing schedules or other required documentation. For these returns notification begins with a **Notice of Adjustment**. The Notice of Adjustment consists of two forms. The first Form 4135, shows the specific changes made by the Department. The notice indicates the documents required to resolve the error, such as Form W-2s or a copy of the federal return. The second Form 4134, is a line-by-line statement of the tax return identifying adjustments made by the Department. If you receive a Notice of Adjustment, you have a right to know why the Department has determined you owe the amount billed.

Prompt response to the notice is the most effective means of resolving problems. About 60 percent of all underpaid accounts are resolved within 40 days of this notice because of immediate communication from the taxpayer. You have three options in responding to the notice.

1. Pay the balance due. If you agree with the adjustments, send your payment to Missouri Department of Revenue, Collections and Taxpayer Services Bureau, P.O. Box 385, Jefferson City, MO 65105-0385.

2. Provide supporting documentation. When the Department requests additional information or documentation, send the requested information to the above address or fax it to (573) 751-2195. The Department reviews the information and corrects the account as necessary. If you agree with the additional adjustments send the balance due to the address above.

3. Call the Collections and Taxpayer Services Bureau. If you wish to speak directly to an agent, call (573) 751-7200 and an agent will help you in resolving the specific issues related to your account.

Second Notice

Taxpayers failing to respond to the initial notice receive a **Notice of Deficiency**. Missouri law requires this notice to establish the tax liability. Taxpayers have 60 days to resolve the deficiency or file a protest with the Department. You can pay the deficiency at any stage of the collection process. The Notice of Deficiency includes instructions on protesting the deficiency. Also included with the notice is a document describing taxpayer choices in responding to the notification. Three choices are available:

1. Pay the Notice of Deficiency. If you agree with the notice, making full payment within 14 days from the notice date will avoid additional interest charges.

2. Protest to the Department of Revenue. To protest the Notice of Deficiency you must file a written protest within 60 days (150 days if you live outside the United States) of the date the notice was mailed or delivered, whichever date is earlier. Your protest may also include a request for an informal hearing. Upon receipt of your protest, the Department will reconsider the deficiency. If the Department agrees with your protest, the deficiency will be adjusted. If the Department denies your protest, you may appeal the decision to the Administrative Hearing Commission (AHC).

3. Pay under protest. Once you have filed a written protest, you may pay all or any part of the amount due under protest. The Department must receive your payment under protest within 60 days (150 days if you live outside the United States) from the notice date. Paying under protest stops the accrual of interest. If the Department agrees with your protest, you will receive a refund of the amount paid under protest, with interest. If the Department denies your protest, you may appeal to the AHC.

Final Decision

You have 60 days from the date of the Notice of Deficiency to request a determination by the Department. Otherwise, the Department will issue a **Final Decision**. You have an additional 30 days at

this point to appeal to the AHC. If you fail to appeal to the AHC, you will no longer have the legal right to appeal the Final Decision.

While Missouri statutes provide incentives for voluntary tax compliance, they also protect taxpayers against inappropriate tax collection efforts. However, the Department's goal goes beyond honoring these statutory rights. The primary goal is to treat each taxpayer fairly, professionally, and courteously. As employees and agents of the Department, we serve the people by administering and enforcing Missouri laws relating to taxation. We are committed to performing our duties with integrity, efficiency and fairness. Relationships with customers are important in accomplishing this mission. Our collection procedures are designed to effectively and efficiently collect revenue, without being too intrusive. We welcome your comments and recommendations for improvement.

Form MO W-4 Revised

Senate Bill 361 makes significant changes in how the state enforces child support obligations mandated by recent federal law. Sections 285.300–285.304, RSMo relating to employer withholding was revised by the passage of this legislation. As a result, Form MO W-4 has been revised to comply with state statute. Senate Bill 361 signed by Governor Carnahan became effective on July 1, 1997. Please see page 7 for a copy of the revised Form MO W-4.

State Holidays

State offices will be closed in observance of the following holidays.

| | |
|--------------------|--------------|
| September 1 | Labor Day |
| October 13 | Columbus Day |



MISSOURI DEPARTMENT OF REVENUE
TAX ADMINISTRATION BUREAU
EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE

MO W-4
(REV. 7-97)

This certificate is for income tax withholding and child support enforcement purposes only.
PLEASE TYPE OR PRINT.

| | | | | | |
|---|--|----------------------------------|--|---|--|
| FULL NAME | | SOCIAL SECURITY NUMBER | | MARITAL STATUS (If married but legally separated or spouse is a non-resident alien, check the single box.) <input type="checkbox"/> SINGLE <input type="checkbox"/> MARRIED | |
| HOME ADDRESS (NUMBER AND STREET OR RURAL ROUTE) | | CITY OR TOWN, STATE AND ZIP CODE | | | |
| 1. Allowance for yourself – enter 1 | | | | 1. | |
| 2. Allowance for your spouse – enter 1 | | | | 2. | |
| 3. Allowance(s) for dependent(s) – you are entitled to claim an allowance for each dependent you will be able to claim on your federal income tax return. Do not include yourself or spouse — enter the number of dependents | | | | 3. | |
| 4. Allowances for itemized deductions (see instructions) | | | | 4. | |
| 5. TOTAL – Add Lines 1 through 4 above – enter “SAME” if claiming same number of Federal allowances | | | | 5. | |
| 6. Additional amount per pay period you want deducted \$ | | | | | |
| 7. I claim complete “Exempt” status from withholding because (see instructions and check boxes below that apply) A. <input type="checkbox"/> Last year I did not owe any Missouri income tax and had a right to a full refund of all income tax withheld, and B. <input type="checkbox"/> This year I do not expect to owe any Missouri income tax and expect to have a right to a full refund of all income tax withheld. If both “A” and “B” apply, enter the year effective and “EXEMPT” here C. <input type="checkbox"/> If you entered “EXEMPT” on Line 7b, are you a full time student? <input type="checkbox"/> Yes <input type="checkbox"/> No | | | | | |
| Under the penalties of perjury, I certify that to the best of my knowledge and belief, the amount of withholding claimed on this certificate does not exceed the number to which I am entitled. | | | | | |
| EMPLOYEE'S SIGNATURE | | | | DATE | |
| EMPLOYER'S NAME | | | | FEDERAL EMPLOYER IDENTIFICATION NUMBER | |
| EMPLOYER'S ADDRESS | | | | MISSOURI TAX IDENTIFICATION NUMBER | |

NOTICE TO EMPLOYER: A copy of this form must be sent within 20 days after the employer hires the employee to: Missouri Department of Revenue, P.O. Box 3340, Jefferson City, MO 65105-3340

MO 860-1598 (7-97) — DETACH HERE. GIVE CERTIFICATE TO EMPLOYER AND KEEP BOTTOM PORTION FOR YOUR RECORDS —

MISSOURI DEPARTMENT OF REVENUE
EMPLOYEE'S WITHHOLDING ALLOWANCE CERTIFICATE
GENERAL INSTRUCTIONS

WHO MUST FILE:

All employees are required to file a completed Form MO W-4. This form will be used by your employer to determine the amount of Missouri income tax to be withheld from your paycheck. If you have more than one employer, you should claim a smaller number or no allowances on each Form MO W-4 filed with employers other than your principal employer so that the total amount withheld will be closer to your actual income tax liability.

NOTE: If claiming the same number of allowances for Missouri personal income tax as Federal income tax, write “SAME” on Line 5 of this form.

WHEN TO FILE YOUR ALLOWANCE CHANGES:

You must file a new certificate within 10 days if the number of allowances previously claimed by you decreases.

You may file a new certificate at any time if the number of your allowances increases.

HOW TO COMPLETE FORM MO W-4

LINES 1 THROUGH 3:

Number of Allowances – You may claim the same number of allowances on the Form MO W-4 as claimed on the Federal Form W-4. If you expect to owe more income tax for the year than will be withheld and you claim every allowance to which you are entitled, you may increase your withholding by claiming a smaller number of allowances on Form MO W-4 or you may enter into an agreement with your employer to have additional amounts withheld (See Line 6).

Those persons who qualify as your dependents for federal income tax purposes may also be claimed as dependents for Missouri purposes. The term “dependent” does not include you or your spouse. Indicate the number of dependents that you are claiming on Line 3.

LINE 4:

Allowance for Missouri Estimated Itemized Deductions – If you expect to itemize deductions on your Missouri income tax return, you may claim additional allowances. Refer to the following worksheet.

- (A) Enter total amount of estimated itemized deductions \$ _____
- (B) Enter amount of your standard deduction using the following information: \$ _____
- If single or head of household, enter \$4,150.00
 - If married filing joint, married filing separate or qualifying widow(er), enter \$3,450.00.
- (C) Subtract Line (B) from Line (A) and enter the difference or zero, whichever is greater \$ _____
- (D) Additional Allowances - Divide the amount on Line (C) by \$400.00, round to the nearest whole number and enter here and on Line 4. _____

LINE 6:

Additional Withholding – If you have claimed “zero” allowances on Line 1, but still expect to have a balance due on your tax return for the year, you may wish to request your employer to withhold an additional amount of tax for each pay

period. If your employer agrees to this additional withholding, enter the additional amount you want deducted from each paycheck on Line 6.

LINE 7:

Exempt from Withholding – You may claim an “Exempt” status from withholding of Missouri income tax if last year you did not owe any Missouri income tax and had a right to a refund of all income tax withheld and this year you do not expect to owe any Missouri income tax and expect to have a right to a refund of all income tax withheld. You may not claim “Exempt” if your return shows a tax liability before the allowance of any credit for income tax withheld. If you are exempt, your employer will not withhold Missouri income tax from your wages.

You must revoke this “Exempt” status (1) within 10 days from the time you anticipate you will incur income tax liability for the year or (2) on or before December 1 if you anticipate you will incur Missouri Income Tax Liability for the next year. If you want to revoke this “Exempt” status, you must file a new Form MO W-4 with your employer showing the number of withholding allowances you are entitled to claim. A certificate claiming “Exempt Status” will expire on December 31, of each year and a new Form MO W-4 is required for the next year.

EMPLOYER INFORMATION:

Each employer must provide their name, address, Federal Employer Identification Number and Missouri Tax Identification Number in the spaces provided. Upon completion of Form MO W-4 the employer must submit the form for each “new hire” within 20 days after the employer hires the employee. Mail Form MO W-4 to the Missouri Department of Revenue, P.O. Box 3340, Jefferson City, MO 65105-3340.

Tax Calendar

Due Dates for July – October 1997

July

- 3 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- 18 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 21 Cigarette Tax Cash Account Return
- 25 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 31 Monthly Sales/Use Tax Returns
- Quarterly Sales/Use Tax Returns
- Quarter-Monthly Withholding
- Reconciliation
- Quarterly Withholding Returns
- Monthly Withholding Returns
- Motor Fuel/Special Fuel Reports
- Tire Fee
- Quarterly Insurance Tax Payments
- Quarterly Interstate Fuel Tax
- User Reports

August

- 5 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 12 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Individual Income Tax with
- Automatic Extension
- Quarter-Monthly Withholding
- Reconciliation

- Monthly Withholding Returns
- Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- 20 Monthly Sales/Use Tax Returns
- Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- Cigarette Tax Cash Accounts
- 27 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment

September

- 2 Motor Fuel/Special Fuel Reports
- Quarterly Insurance Tax Payments
- 4 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Estimated Tax Declarations for
- Individuals
- Declaration of Estimated for Calendar
- Year Corporations
- Quarter-Monthly Withholding
- Reconciliation
- Monthly Withholding Returns
- Cigarette Tax Credit Account and Return
- Other Tobacco Products Monthly Report
- Calendar Year Cooperatives with
- Extension
- 18 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 22 Monthly Sales/Use Tax Returns
- Cigarette Tax Cash Accounts Return
- 25 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment

- 30 Motor Fuel/Special Fuel Reports

October

- 3 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 10 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 15 Corporation Income Tax with
- Automatic Extension
- S Corporation Income Tax with
- Automatic Extension
- Fiduciary Income Tax with
- Approved Extension
- Partnership Income Tax with
- Approved Extension
- Cigarette Tax Credit Account and Return
- Other Tobacco Products
- Monthly Reports
- 20 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- Cigarette Tax Cash Accounts Return
- 27 Quarter-Monthly Sales Tax
- Quarter-Monthly Withholding Payment
- 30 Quarterly Insurance Tax Payment
- 31 Monthly Sales/Use Tax Returns
- Quarterly Sales/Use Tax Returns
- Quarter-Monthly Withholding
- Reconciliation
- Quarterly Withholding Returns
- Monthly Withholding Returns
- Motor Fuel/Special Fuel Reports
- Tire Fee
- Quarterly Interstate Fuel Tax
- User Report

Tax Bulletin

Missouri Department of Revenue
P.O. Box 629
Jefferson City, MO 65105-0629

BULK RATE
 U.S. POSTAGE
 PAID
 Jefferson City, MO
 Permit No. 122